

ANNUAL REPORT



NORTH CAROLINA
RAILROAD
COMPANY

2021

NORTH CAROLINA RAILROAD COMPANY

2021 ANNUAL REPORT

MISSION, VISION & VALUES

MISSION

To benefit the people of North Carolina by aggressively leveraging the unique strengths and capabilities of the North Carolina Railroad Company.

VISION

A modernized railroad that meets the needs of the future, expanding North Carolina’s competitive advantage.

CORE VALUES

- **Collaborate** to forge meaningful partnerships built on mutual respect and identifying solutions.
- **Earn trust** by delivering, act with integrity.
- **Innovate** through fostering growth, conscientious listening, challenging assumptions and encouraging new ideas.
- Cultivate **inclusivity** by welcoming feedback, removing barriers to success, and providing a safe space for transparent communication.
- Encourage **diversity**, creating strength by learning from others and welcoming all points of view and perspectives.
- Constantly **engage**, centered around the well-being of our employees and the protection & enhancement of our resources as the company grows.

WHO IS NORTH CAROLINA RAILROAD COMPANY?

The North Carolina Railroad Company (NCRR) owns and manages the 317-mile rail corridor that stretches from Charlotte to the Port Terminal in Morehead City. Our rail corridor is a vital route for freight moving east to west, and north to south. It connects to routes carrying freight and people throughout the eastern United States. The railroad corridor is a rich asset, which we proudly protect and manage for the benefit of North Carolina’s citizens.

NCRR is a private business corporation with 100 percent of the stock owned by the state of North Carolina. It was chartered in 1849 for the purpose of economic development, and we continue to invest in rail infrastructure and increased freight rail capacity to recruit new and expanding industry to our state.

Norfolk Southern Corporation, a Class I freight rail company, leases the tracks through a long-standing agreement. NCRR reinvests this lease and other revenue in the railroad and in the state of North Carolina, to ensure the state maintains its competitive advantage, resulting in job creation.

In addition to our partnership with Norfolk Southern, CSX, also a Class I freight railroad, uses a portion of our corridor. We also work closely with the North Carolina Department of Transportation (NCDOT) on capital improvement projects and through passenger rail service offered on our line via Amtrak.

The North Carolina Railroad is an asset like no other in the state. We have a rich heritage in North Carolina and NCRR is committed to continuing to invest in opportunities that lead to job growth. We work closely with local, regional and state government and we partner closely with the economic development community. Our goal is to ensure North Carolina’s rail infrastructure continues to meet the demands of business and industry looking to expand or locate to our state.

LETTER FROM THE CHAIRMAN

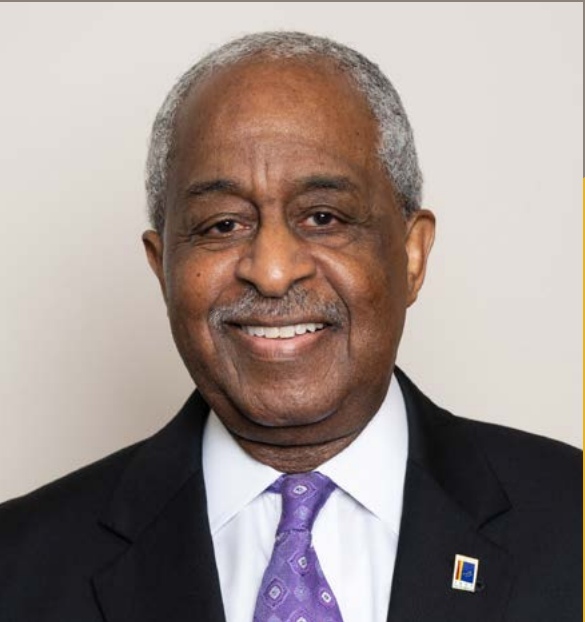
On behalf of the Board of Directors and staff of North Carolina Railroad, I am pleased to say that 2021 was a transformative year for NCRR and the State of North Carolina. The Greensboro-Randolph County Megasite announcement highlighted a decade of partnership between local governments and private partners that worked together to bring Toyota to the Triad region. This opportunity will add 1,750 jobs with an investment of \$1.29 billion to build the state’s first electric vehicle battery manufacturing plant.

The company continued its economic development initiatives through NCRR Invests and NCRR Build Ready Sites, assisting in the recruitment and retention of major rail-served employers who are making considerable investments in the state. Many of these investments will create thousands of jobs across North Carolina continuing to make the state a national competitor for industry and rail served industrial sites.

The successes of 2021 are truly remarkable and will be celebrated for years to come. As we are working toward the goals of 2022, NCRR will continue to be a proactive partner, committed to its mission and vision to continually expand economic opportunities across the state of North Carolina. NCRR will also remain an active participant working with NCDOT and GoTriangle in the preparation of a commuter rail to connect the cities and people living in the Triangle.

William “Bill” V. Bell

Chairman
North Carolina Railroad Company
Board of Directors



Bill Bell



MEET THE NORTH CAROLINA RAILROAD COMPANY

EXECUTIVE TEAM

- CARL WARREN**
President & CEO
- MICHELLE JENG**
Chief Financial Officer
- ROBERT DOBRONSKI**
General Counsel
- CATHERINE KNUDSON**
Chief of Staff
- TRISH HAVER**
*Sr. Vice President,
Business Development
& Head of Strategy*

STAFF

- DONALD ARANT, P.E.**
Vice President, Engineering
- ILAN WAJSMAN**
Vice President, Information Technology
- AMY SANDIDGE**
Corridor Manager
- TERESA STERLING**
Controller
- LLOYD BEDFORD**
Communications Manager
- MONIQUE BOOKER**
Administrative Assistant
- TEDDI BURNETT**
Real Estate Representative
- CONNOR CHRISTENSEN**
Economic Development Coordinator
- TAELORE FIELDS**
Facilities Manager
- KRISTIAN FORSLIN, GISP, PLS**
GIS & Survey Manager
- HILARY KANUPP, C.A.**
Archivist
- DAVINA KILLINGSWORTH**
Administrative Assistant
- MASHAL AL KIRDASI**
Systems Manager
- JUSTIN MADIGAN**
Infrastructure Manager
- JAMAR NIXON**
Real Estate Representative
- NANCY PICKETT**
Accounting Manager
- JASMIN PRIDE**
Paralegal & Contract Specialist
- SUSAN WISNIEWSKI**
Accounting Manager
- EDWARD WU**
Director of Engineering

BOARD OF DIRECTORS

- WILLIAM “BILL” V. BELL**, *Chairman*
Durham
*Executive Vice President/COO, UDI
Community Development Corporation
(UDI/CDC)*
- MALCOMB COLEY**
Charlotte
*Central Region Private Leader &
Charlotte Managing Partner, EY*
- STEVE LERNER**
Chapel Hill
*Founder & Managing Partner, Blue Hill
Group*
- JAMES E. NANCE**
Albemarle
*Managing Member, North State
Acquisitions, LLC*
- TOMMY GLASGOW**
Morehead City
*Retired, Clancy & Theys Construction
Company*
- GEORGE ROUNTREE III**
Wilmington
*Attorney & Special Counsel, Rountree
Losee, LLP*
- FRANKLIN ROUSE**
Leland
President, Rouse Insurance Agency, Inc.
- MICHAEL WALTERS**
Fairmont
*President, Claybourn Walters Logging
Co., Inc.*
- JORDAN WHICHARD**
Raleigh
*Chief Deputy Secretary, North Carolina
Department of Commerce*
- MICHAEL L. WEISEL**
Raleigh
*Vice Chairman
Managing Member, Capital Law Group*
- JACOB F. ALEXANDER III**
Salisbury
The Alexander Companies, Inc.
- CHARLES BOWMAN**
Charlotte
Retired, Bank of America
- MICHAEL S. FOX**
Greensboro
Partner, Tuggle Duggins, P.A.



NCRR Executive Team
(pictured left to right):
Catherine Knudson, Robert Dobronski,
Carl Warren, Trish Haver, Michelle Jeng



BUILD READY SITES

NEED

North Carolina has a substantial amount of land available for development along active railroad corridors. The state offers multiple funding opportunities for development needs (i.e. infrastructure, building demo, etc.) when there is an active economic development client.

Often, companies aren't able to wait on these improvements—thus having a ready site becomes a key differentiator between a community and its competitors when working to attract a new company.

For more information, contact EconDev@ncrr.com or visit ncrr.com.

GOALS



Position N.C. with a distinct competitive advantage: offer development-ready rail industrial sites in varying sizes and geographies



Partner to remove development barriers which are currently reasons for site elimination



Improve site development timeline predictability through advancements in readiness

SELECTION

Priority will be given to:



Level of economic distress



Rural nature of site location



Access to industrial-grade utility infrastructure at site (e.g. power, water/sewer, gas)



Transportation access (e.g. rail, highway, interstate, ports)



Ability for NCRR funding to impact overall development readiness of site

SITE REQUIREMENTS

SIZE



50-100

CONTIGUOUS,
DEVELOPABLE ACRES

OWNERSHIP



Owned by a willing seller with an established asking price, zoned industrial or able to be rezoned to industrial or local equivalent within

90 days

ENVIRONMENTAL



Must be outside of FEMA 100-year floodplain, free of wetlands, endangered species, or other environmentally unacceptable conditions that significantly impact or delay development

**insufficient or missing due diligence studies will have to be completed prior to grant award*

INFRASTRUCTURE



Must be served by industrial-grade infrastructure (e.g. power, water/sewer, gas) within

two years

of a potential prospect selecting the location.

*Documentation from utility providers required.
Preference given to sites with natural gas access

RAIL



Must be located within

0.5 mile or less

and potential for rail service confirmed by operating railroad.

FUNDING

AVAILABILITY



Up to **\$500,000**
(\$750,000 if site located along NCRR corridor) or 60 percent of total proposed project cost, whichever is less. Must demonstrate ability to secure balance of funding through financial or in-kind contributions from railroads, private, non-profit, or public partners.

USES



Land preparation, speculative building construction, critical water and/or sewer service. Proposed funding improvement must be completed within

18 months

of grant award.

APPLICANTS



Economic development team via county or local municipality.

SUPPORT



Demonstration of community support from relevant county commissions and/or municipal councils required.

NCRR INVESTS UPDATE

Spurring Growth, Tracking Progress

The North Carolina Railroad Company partners with the state's economic development community and railroads on initiatives designed to drive job creation, freight rail use, and economic growth. Through *NCRR Invests* we evaluate requests for investments to address the freight rail infrastructure needs of companies considering location or expansion in the state.

INVESTMENT CONSIDERATIONS

NCRR will evaluate requests for investments in the engineering, design, construction or other costs associated with the rail infrastructure needs of a company's potential location or expansion. Eligible rail-related needs include, but are not limited to:

- Design/Engineering
- Site grading & drainage for tracks
- Lead, siding & other railroad track construction
- Railroad signals
- Rail loading facilities

SUBMISSION REQUIREMENTS



PROJECT SUMMARY

- Company overview
- Job creation schedule & wages
- Investment schedule
- Anticipated rail volume



PROJECT CONCEPTUAL

Aerial of proposed rail layout for site(s) under consideration from railroad or engineering firm



COST ESTIMATE

Estimate of rail infrastructure needs that corresponds with the project conceptual from railroad or engineering firm

INVESTMENT EXAMPLES

BOREALIS COMPOUNDS
Alexander County

47
jobs

\$225,000
investment by NCRR

\$15M
company investment

MOUNTAIRE FARMS
Scotland County

65
jobs

\$650,000
investment by NCRR

\$44M
company investment

NESTLÉ PURINA
Rockingham County

300
jobs

\$1,810,000
investment by NCRR

\$580M
company investment

WEITRON
Martin County

31 jobs

\$527,000
investment by NCRR

\$12.8M
company investment

NCRR invested in land preparation for a lead track that not only provides rail access for Weitron but also connects a new rail-served industrial park.

EGGER WOOD PRODUCTS
Davidson County

770 jobs

\$6.4M
investment by NCRR,
in partnership with
Norfolk Southern

\$700M
company investment

NCRR & Norfolk Southern constructed a lead track to serve EGGER and connect additional industrial park sites to rail.

COOPERATION & PARTNERSHIP YIELD TRANSFORMATIONAL WIN

The Greensboro-Randolph Megasite, Triad, and North Carolina

On December 6, 2021, after nearly a decade of building partnerships and readying the site for a major tenant, the Greensboro-Randolph Megasite partners announced a transformative win for the region and state with Toyota's plans to add 1,750 direct jobs and indirect jobs by investing \$1.29 billion in a next-generation battery production facility on the site.

This project has been especially noteworthy for the level of cooperation demonstrated among an array of organizations including Randolph County, the City of Greensboro, the Joseph M. Bryan Foundation, North Carolina Department of Transportation (NCDOT) and the North Carolina Railroad Company (NCRR), all of which have or will be making major investments in the site's completion. This partnership gave North Carolina the competitive advantage it needed to land **the state's first automotive battery plant.**

A series of land acquisitions over several years made it possible for the Greensboro-Randolph Megasite Foundation and the Randolph County Economic Development Corporation to ultimately offer a 1,900-acre site. NCRR was integral to the site's success, investing over \$35 million to purchase more than 60 percent of the land required for the future home of the automotive battery production plant.

Toyota Motor North America will establish a new company and build an automotive battery plant together with Toyota Tsusho, aiming to start production in 2025. The project includes an investment of approximately \$1.29 billion by Toyota, which includes funds that will be used to develop land and build facilities. The next-generation battery plant will be housed in new facilities planned for the Greensboro-Randolph Megasite, located in the Triad region in northern Randolph County near U.S. 421. The site will provide easy access to major interstates, an international airport and first-rate rail and intermodal facilities.

The Greensboro-Randolph Megasite was selected over competitive locations in several other states due to its central location, abundant regional workforce and robust transportation infrastructure, among other factors. The decision amounts to a transformative job creation opportunity for North Carolina's Triad region, given that the battery plant operation will likely bring roughly 1,750 direct and indirect jobs to the area.

1,750 jobs

\$1.29 billion

Toyota investment

\$35 million

NCRR investment

"The people of this region have long needed a big boost in economic opportunity that could only come from a project as transformational as the one that Toyota will bring to this megasite...And it's only through intense cooperation among a loyal set of partners along with the unwavering support from Governor Cooper, Senator Berger and Speaker Moore that this announcement could have been made."

— Jim Melvin, CEO of the Joseph M. Bryan Foundation

"Toyota's decision to build a facility at the Greensboro-Randolph Megasite validates the strength of this region's labor force, infrastructure and our ability to build regional partnerships to get things done...This is an exciting time for our region."

— Brent Christensen, President & CEO of the Greensboro Chamber of Commerce

"This project is indicative of our knack for collaboration to support rail-related opportunities and our long-term commitment to the future growth and prosperity of the State of North Carolina...The North Carolina Railroad Company was excited to play a unique role in the site assembly, infrastructure development and recruitment efforts that were ultimately a catalyst for landing this game-changing investment and employment opportunity for the region and state."

— Carl M. Warren, President & CEO of the North Carolina Railroad Company



Carl Warren, President & CEO of NCRR provides remarks during the Dec. 6, 2021, Greensboro-Randolph Megasite announcement that Toyota is building the first North American electric vehicle battery manufacturing plant in Randolph County, NC

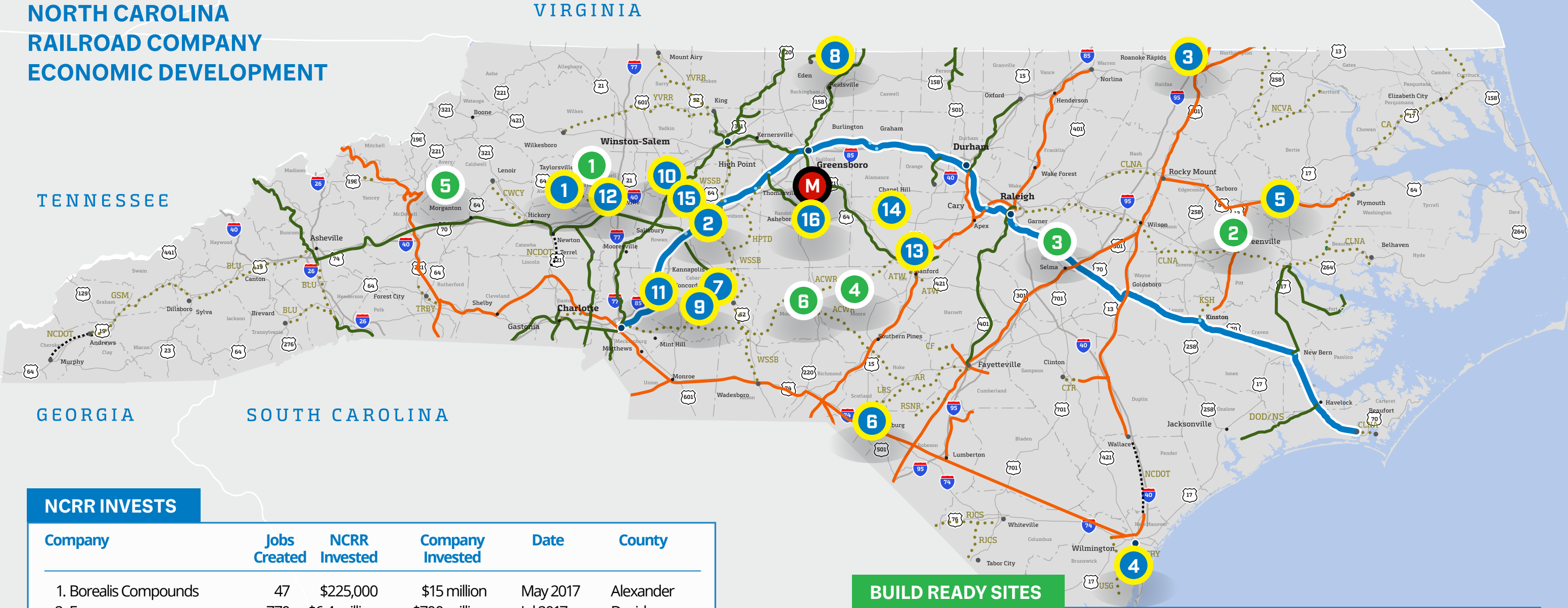
"Randolph County and the people of the surrounding region look forward to welcoming the Toyota team to their new home...Now the important work of readying the region for this once-in-a-lifetime opportunity can begin."

— Kevin Franklin, CEO of the Randolph Country Economic Development Corporation



Aerial drone photographs of the construction progress at the Greensboro-Randolph Megasite, April 2022
Photos courtesy of Reuben Blakely, NCDOT Division 8 Construction Engineer

NORTH CAROLINA
RAILROAD COMPANY
ECONOMIC DEVELOPMENT



NCRR INVESTS

Company	Jobs Created	NCRR Invested	Company Invested	Date	County
1. Borealis Compounds	47	\$225,000	\$15 million	May 2017	Alexander
2. Egger	770	\$6.4 million	\$700 million	Jul 2017	Davidson
3. JBB Packaging	50	\$400,000	\$11.9 million	Nov 2018	Halifax
4. Gold Bond Building Products	51	\$400,000	\$25 million	May 2017	New Hanover
5. Weitron	31	\$527,000	\$12.8 million	Apr 2017	Martin
6. Edwards Wood Products	91	\$450,000	\$50 million	Jul 2017	Scotland
7. Mountaire Farms	65	\$650,000	\$44 million	Jan 2017	Stanly
8. Nestle Purina	300	\$1,810,000	\$450 million	Oct 2020	Rockingham
9. Charlotte Pipe and Foundry	400	\$1.5 million	\$325 million	June 2020	Stanly
10. Liberty Storage Solutions	50	\$350,000	\$8 million	June 2021	Davie
11. Red Bull/Rauch/Ball	633	\$700,000	\$900 million	July 2021	Cabarrus
12. Sherwin-Williams	183	\$300,000	\$324 million	Feb 2022	Iredell
13. Service Offsite Solutions	235	\$300,000	\$18 million	Mar 2022	Lee
14. VinFast	7,500	\$1 Million	\$4 billion	Mar 2022	Chatham
15. Nucor	180	\$750,000	\$350 million	April 2022	Davidson
16. Technimark	220	\$250,000	\$62 million	April 2022	Randolph

BUILD READY SITES

County	NCRR Award Amount	Railroad	Acreage
1. Alexander	\$ 500,000	Alexander Railroad Company	88.49
2. Pitt	\$ 500,000	CSX	100
3. Johnston	\$ 750,000	NCRR/ Norfolk Southern	100
4. Moore	\$ 167,000	Aberdeen & Rockfish	72.94
5. Burke	\$ 500,000	Norfolk Southern	84.75
6. Montgomery	\$ 500,000	ACWR	60

GREENSBORO-RANDOLPH MEGASITE

Company	Jobs Created	NCRR Invested	Company Invested	Date	County
Toyota	1,750	\$35 million	\$1.29 billion	Dec 2021	Randolph

NCRR RAILROAD MAINTENANCE

Routine maintenance of the railroad includes maintenance of track, roadbed, drainage, railroad structures, and railroad signals along its corridor. It begins with regularly scheduled and periodic visual inspections of all of these elements and overall right-of-way. Supplementary inspections are conducted with the use of technology allowing railroad maintenance personnel to see internal properties of rail and ties.

Per the 1999 Master Agreement with Norfolk Southern (NS), NS maintains the rail infrastructure on the NCRR. However, the costs associated with maintaining any infrastructure constructed for additional passenger service is the responsibility of the North Carolina Department of Transportation (NCDOT) or whatever party might be adding said infrastructure for non-freight purposes. Preparing for these maintenance costs, as well as the time and crews needed, is a critical element in planning for rail improvements.

The maintenance process consists of both required inspections driven by minimum standards to maintain authorized track speeds for both freight and passenger services, and periodic inspections of those areas requiring less frequent maintenance effort.



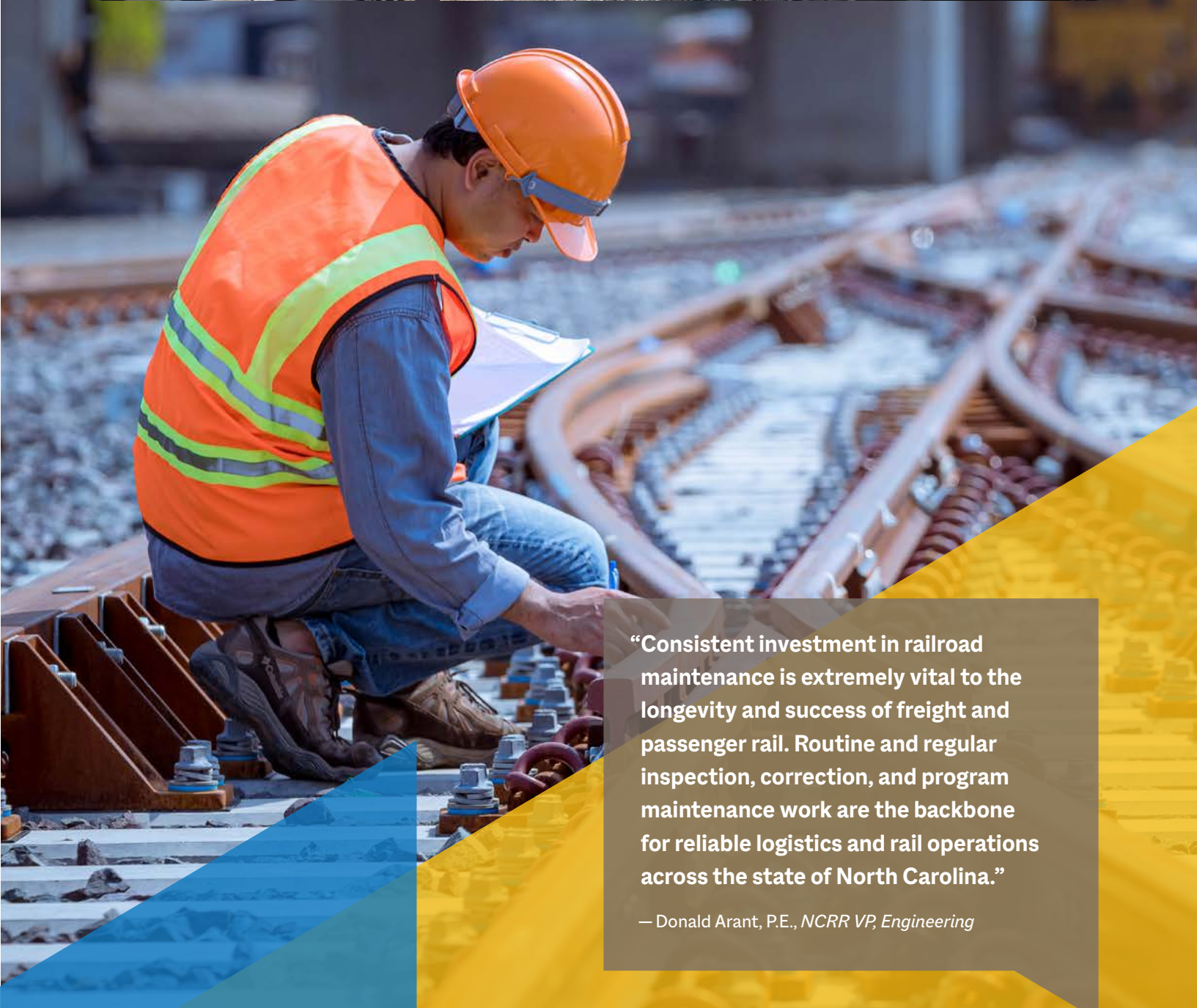
Kristian Forslin, GIS Coordinator

Track maintenance work generally consists of tie replacement, ballast replenishment, replacement of rail in curves where tonnage creates excessive wear on the rail, and visual inspection of special trackwork for unusual wear patterns. Special trackwork includes items such as turnouts, at grade rail crossings with other railroad tracks (a.k.a. diamonds), and crossovers. Crossovers are groups of turnouts oriented in such a way to allow a train to crossover from one track to another.

Rail conditions are inspected and recommendations for rail replacement are made based upon the annual tonnage, type of rail traffic, and condition of the head of the rail wearing surface. Both visual and ultrasonic testing technology are utilized for inspection and maintenance of rail. Curve rail is typically replaced by local maintenance of way personnel. Overall program rail replacement is typically managed through a system production gang and scheduled as much as a year in advance.

Railroad signal maintenance is done regularly, and as needed based upon observed signal failures, to keep rail traffic moving safely, and to protect the rail corridor from the motoring public at grade crossing locations. Signal maintenance is more intensive on a daily basis as these elements of the corridor are the primary communication type interface between the railroad operation and the general public.

Routine and consistent railroad maintenance is essential for the longevity of the railroad track structure. The primary investment with track maintenance should be to maintain drainage of the roadbed and railroad ditches. Maintaining proper drainage ensures the track surface can be retained and the longevity of track elements such as ties and ballast are feasible. Maintaining track surface means maximum authorized train speeds are ensured and a safe track infrastructure is provided for both rail users and the public.



“Consistent investment in railroad maintenance is extremely vital to the longevity and success of freight and passenger rail. Routine and regular inspection, correction, and program maintenance work are the backbone for reliable logistics and rail operations across the state of North Carolina.”

— Donald Arant, P.E., NCRR VP, Engineering

CORRIDOR MAP

NORTH CAROLINA RAILROAD COMPANY CORRIDOR



FREIGHT ROUTES

- North Carolina Railroad Company
*Norfolk Southern Class I Freight Service
- Norfolk Southern
- CSX Transportation
- Various Shortlines

INTERMODAL TERMINALS

- Norfolk Southern
- CSX Transportation

LOGISTICAL CENTERS

- Military Bases
- Seaports
- Airports



Raleigh's skyline lights the night as a train approaches Raleigh Union Station. We still think of Raleigh Union Station (RUS) as new, but it has been welcoming visitors for 4 years now! RUS was constructed as a joint project between NCDOT and the City of Raleigh and replaced an outdated and undersized station that had served the city since 1950.

Photo credit: Richard Barlow



2809 HIGHWOODS BLVD
RALEIGH, NC 27604
WWW.NCRR.COM



@NCRAILROAD



NORTH CAROLINA RAILROAD COMPANY



NORTH CAROLINA
RAILROAD
C O M P A N Y